

Message Text

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ORIGIN AF-18

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TO USINT ALGIERS IMMEDIATE

AMEMBASSY JIDDA IMMEDIATE

AMEMBASSY TEHRAN IMMEDIATE

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E.O. 11652:GDS

TAGS: PFOR, ENRG

SUBJECT: SECRETARY'S SPEECH FOR WASHINGTON ENERGY
CONFERENCE

FOR ALGIERS: IN ACCORDANCE WITH THE SECRETARY'S
DISCUSSION FEBRUARY 8 WITH MIN OF INDUSTRY AND ENERGY
ABDESSELAM, PLEASE MAKE AVAILABLE TO HIM THE FOLLOWING
ADVANCE TEXT OF THE SECRETARY'S SPEECH TO BE DELIVERED
LATER TODAY. EMBASSY MAY ALSO MAKE TEXT AVAILABLE TO
OTHER APPROPRIATE OFFICIALS.

FOR JIDDA: AMBASSADOR AKINS SHOULD PRESENT THE ADVANCE
COPY OF THE SECRETARY'S SPEECH TO APPROPRIATE SAUDI
OFFICIALS.

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FOR TEHRAN: CHARGE SHOULD PRESENT THE ADVANCE COPY OF
THE SECRETARY'S SPEECH TO APPROPRIATE IRANIAN OFFICIALS.

BEGIN TEXT:

ON BEHALF OF THE PRESIDENT OF THE U.S., I WELCOME
YOU TO THIS CONFERENCE.

MY GREAT PREDECESSOR, DEAN ACHESON, ONCE OBSERVED THAT
QUOTE SOMETIMES THERE IS NOTHING MAN CAN DO TO AVERT
DISASTER BUT MORE OFTEN OUR FAILURE LIES IN MEETING BIG

BOLD DEMANDING PROBLEMS WITH HALF-MEASURES, TIMOROUS AND
CRAMPED. UNQUOTE THE NATIONS GATHERED IN THIS ROOM ARE
CONFRONTED WITH AN UNPRECEDENTED CHALLENGE TO OUR
PROSPERITY, AND TO THE ENTIRE STRUCTURE OF INTERNATIONAL
COOPERATION SO LABORIOUSLY CONSTRUCTED OVER THE LAST
GENERATION. THE IMPACT OF THE ENERGY CRISIS REACHES
AROUND THE WORLD, RAISING FUNDAMENTAL QUESTIONS ABOUT THE
FUTURE OF THE DEVELOPING COUNTRIES, THE PROSPECTS FOR
ECONOMIC GROWTH OF ALL NATIONS, AND HE HOPES FOR GLOBAL
STABILITY.

THE DIMENSIONS OF THE PROBLEMS WERE RECOGNIZABLE AT
LEAST A YEAR AGO--INDEED WE ADDRESSED THEM AS PART OF OUR
ORIGINAL PROPOSAL FOR A NEW RELATIONSHIP WITH EUROPE AND
JAPAN. THE CHALLENGE WILL BE WITH US FOR AT LEAST THE
REST OF HIS DECADE AND PERHAPS BEYOND. THE SERIOUSNESS
OF THE PROBLEM, ITS Pervasiveness, AND THE IMPOSSIBILITY
OF NATIONAL SOLUTIONS, ALL COMPEL INTERNATIONAL COOPERA-
TION: AMONG MAJOR CONSUMER NATIONS, AMONG DEVELOPED AND
DEVELOPING NATIONS, AND AMONG PRODUCER AND CONSUMER
NATIONS.

THE U.S. HAS CALLED THIS CONFERENCE FOR ONE CENTRAL
PURPOSE: TO MOVE URGENTLY TO RESOLVE THE ENERGY PROBLEM
ON THE BASIS OF COOPERATION AMONG ALL NATIONS. FAILURE TO
DO SO WOULD THREATEN THE WORLD WITH A VICIOUS CYCLE OF COM-
PETITION, AUTARKY, RIVALRY AND DEPRESSION SUCH AS LED TO
THE COLLAPSE OF WORLD ORDER IN THE THIRTIES. FORTUNATELY,
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THE PROBLEM IS STILL MANAGEABLE MULTILATERALLY: NATIONAL
POLICIES ARE STILL EVOLVING, PRACTICAL SOLUTIONS TO THE
ENERGY PROBLEM ARE TECHNICALLY ACHIEVABLE, AND COOPERATION
WITH THE PRODUCING COUNTRIES IS STILL POLITICALLY OPEN TO
US.

LET ME SUMMARIZE THE U.S.' VIEWS ON THE MAJOR ISSUES
CONFRONTING US:

FIRST, THE ENERGY SITUATION POSES SEVERE ECONOMIC AND POLITICAL PROBLEMS FOR ALL NATIONS. ISOLATED SOLUTIONS ARE IMPOSSIBLE. EVEN THOSE COUNTRIES, LIKE CANADA AND THE U.S., CAPABLE OF SOLVING THE ENERGY PROBLEM BY LARGELY NATIONAL MEANS, WOULD STILL SUFFER BECAUSE OF THE IMPACT ON THEM OF A WORLD ECONOMIC CRISIS. CONSUMER OR PRODUCER, AFFLUENT OR POOR, MIGHTY OR WEAK--ALL HAVE A STAKE IN THE PROSPERITY AND STABILITY OF THE INTERNATIONAL ECONOMIC SYSTEM.

SECOND, THIS CHALLENGE CAN BE MET SUCCESSFULLY ONLY THROUGH CONCERTED INTERNATIONAL ACTION. ITS IMPACT IS CONTROLLABLE IF WE WORK TOGETHER; IT IS UNMANAGEABLE IF WE DO NOT.

THIRD, THE DEVELOPING COUNTRIES MUST QUICKLY BE DRAWN INTO CONSULTATION AND COLLABORATION. THEIR FUTURES ARE THE MOST PROFOUNDLY AFFECTED OF ALL. UNABLE TO MEET PRESENT PRICES FOR OIL AND FERTILIZER, THEY FACE THE THREAT OF STARVATION AND THE TRAGEDY OF ABANDONED HOPES FOR FURTHER ECONOMIC DEVELOPMENT. IN THE NAME BOTH OF HUMANITY AND COMMON SENSE WE CANNOT PERMIT THIS.

FOURTH, COOPERATION NOT CONFRONTATION MUST MARK OUR RELATIONSHIPS WITH THE PRODUCERS. WE EACH HAVE LEGITIMATE INTERESTS. WE EACH FACE LOOMING DANGERS. WE NEED EACH OTHER. IF WE MOVE RAPIDLY AND COOPERATIVELY TOWARD COLLECTIVE ACTION, ALL WILL BENEFIT.

FIFTH, THE U.S. RECOGNIZES ITS OWN NATIONAL RESPONSIBILITY TO CONTRIBUTE SIGNIFICANTLY TO A COLLECTIVE SOLUTION. WHILE WE ARE LESS IMMEDIATELY AFFECTED THAN LIMITED OFFICIAL USE

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OTHERS, WE SEE IT AS A MATTER OF ENLIGHTENED SELF-INTEREST -- AND MORAL RESPONSIBILITY -- TO COLLABORATE IN THE SURVIVAL AND RESTORATION OF THE WORLD ECONOMIC SYSTEM. PROJECT INDEPENDENCE, WHICH WILL REDUCE THE AMERICAN DEMAND FOR WORLD SUPPLIES, CAN BE A WAY STATION ON THE ROAD TO A NEW PROJECT INTERDEPENDENCE. WE ARE WILLING TO SHARE AMERICAN ADVANCES IN ENERGY TECHNOLOGY, TO DEVELOP JOINTLY NEW SOURCES OF SUPPLY AND TO ESTABLISH A SYSTEM OF EMERGENCY SHARING. WE ARE PREPARED TO MAKE SPECIFIC PROPOSALS IN THESE AREAS IN THE FOLLOW-ON WORK OF THIS CONFERENCE.

THE ENERGY PROBLEM.

THE ENERGY CRISIS HAS THREE DIMENSIONS -- FIRST, THE

OIL EMBARGO, SECOND, THE SHORTAGE OF SUPPLY, AND FINALLY
THE QUANTUM INCREASE IN PRICES.

THE EMBARGO NOW IS DIRECTED LARGELY AT THE U.S. WE
WILL DEAL WITH THIS ISSUE AND ASK FOR NO ASSISTANCE. BUT,
WHILE THE EMBARGO'S IMMEDIATE ECONOMIC IMPACT MAY BE
SELECTIVE, ITS POLITICAL DIMENSION SHOULD BE OF MORE
GENERAL CONCERN. FOR IT CARRIES PROFOUND IMPLICATIONS
FOR THE WORLD COMMUNITY--THE MANIPULATION OF RAW MATERIAL
SUPPLIES IN ORDER TO PRESCRIBE THE FOREIGN POLICIES OF
IMPORTING COUNTRIES.

THE BASIC ECONOMIC PROBLEM GOES DEEPER, HOWEVER. THE
EXPLOSION OF DEMAND HAS OUTSTRIPPED THE INCENTIVES OF
PRODUCERS TO INCREASE PRODUCTION. INFLATIONARY PRESSURES
IN THE CONSUMER COUNTRIES HAVE TENDED TO CREATE INCEN-
TIVES TO WITHHOLD PRODUCTION. THIS IS ESPECIAL
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